

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7263**

**BILL NUMBER: SB 566**

**NOTE PREPARED: Jan 17, 2013**

**BILL AMENDED:**

**SUBJECT:** Regulation of Alcohol.

**FIRST AUTHOR:** Sen. Delph

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** *Local Alcoholic Beverage Boards* - This bill makes the member of a local alcohol board who represents and is designated by the Alcohol and Tobacco Commission (ATC) an ex officio nonvoting member of the board. It allows a local alcohol board meeting to be continued from day to day or adjourned until a later meeting of the local board. (Current law allows a meeting to be continued from day to day or adjourned until a later meeting in the discretion of the designated representative of the ATC.) The bill requires local boards to ensure that applications for permits are heard and resolved in a timely fashion.

It also changes quorum and voting requirements for local alcohol boards. It requires that, if a local alcohol board does not have a quorum at a meeting in which the board is to consider contested permits, the meeting must be rescheduled to include consideration of the contested permits at another board meeting.

*Quota Requirements* - The bill provides that the population of a consolidated city is the population of the county minus excluded cities for alcoholic beverage quota requirements. It requires that every permit for each category of permit granted in incorporated and unincorporated areas, except for the permits issued in excluded cities, of a consolidated city must be counted as a permit subject to the quota requirements applicable to the category of permit. The bill also requires the ATC to count all issued beer dealer permits, regardless of whether a beer dealer permit is issued singly or in combination with a liquor permit, as a beer dealer permit subject to the quota requirements.

*Three-way Permits Issued to Restaurants* - This bill makes certain requirements for proprietors of restaurants and new restaurants apply to restaurants in incorporated areas. (Under current law, the requirements apply only to restaurants outside of the corporate limits of incorporated cities or towns.)

*Information Notices* - The bill also requires the ATC to post information concerning a continued meeting of a local board on the ATC's Internet web site. The bill requires an applicant for an alcoholic beverage permit to provide notice of a hearing concerning a new permit or transfer of a permit to certain state legislators or, if the applicant's property is located in a consolidated city, the legislative body of the city.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Alcohol and Tobacco Commission (ATC)* - The ATC could incur additional expenses to implement many of the provisions of the bill. However, the bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

**Explanation of State Revenues:** *Permit Fees (Quota Requirements)* - The bill's provisions regarding quota requirements could affect the number of permits granted for all types of permits that are subject to quota restrictions. A change in permit counts could affect revenue from permit fees. However, the extent of the change in number of permits issued and the resulting revenue effects will likely be minimal. The bill removes excluded cities from the area of a consolidated city's permit count. The bill also requires that beer dealer permits issued in combination with a liquor permit be counted as beer dealer permits subject to the quota requirements.

Brewer, beer wholesaler, retailer, beer dealer, and liquor dealer permits are subject to quota limits. The annual fee for brewer permits and beer wholesaler permits is \$2,000. The annual fee for retailer permits and dealer permits is \$500 if the retailer or dealer only sells beer, only liquor, or only wine; \$750 if the dealer sells two of the three types of alcoholic beverages; and \$1,000 if the dealer sells beer, liquor, and wine.

*Permit Fees (Three-way Permits Issued to Restaurants)* - The bill imposes additional requirements for the issuance of three-way permits to restaurants located in incorporated areas. To the extent that restaurants in incorporated areas that apply for three-way permits do not meet these requirements, revenue from permit fees could decrease. The annual fee for a three-way permit is \$1,000.

**Background Information-** Permit fees for retailer permits and dealer permits are deposited in the Excise Fund and distributed to the state General Fund (37%); the general funds of cities, towns, and counties based on population (33%); and the Enforcement and Administration Fund (30%). Revenue from wholesaler and brewer permits is distributed to the General Fund (66%) and the Enforcement and Administration Fund (34%).

**Explanation of Local Expenditures:** *Local Alcoholic Beverage Boards* - The bill makes changes to local alcoholic beverage boards' rules and procedures. However, it is not expected that the bill will have a significant fiscal impact on the boards.

**Explanation of Local Revenues:**

**State Agencies Affected:** Alcohol and Tobacco Commission.

**Local Agencies Affected:** Local Alcoholic Beverage Boards.

**Information Sources:** *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2012.

**Fiscal Analyst:** Lauren Sewell, 232-9586.